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Public Utility Commission of Texas

Commissioner Memorandum

TO: Chairman Peter M. Lake
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty

FROM: Commissioner Will McAdams *W/M*

DATE: December 14, 2021

RE: Project No. 52373, Item No. 28 – *Review of Wholesale Electric Market Design*

I would like to thank stakeholders for the robust discussions that have been had on this matter. I have endeavored to strike a balance between incentivizing the kinds of new, dispatchable generation that the ERCOT grid needs and not needlessly delaying commercially viable projects. One of the most attractive features of the ERCOT market is the expediency of the interconnection process and I would not want that feature to be lost in this process.

I believe that the Commission should direct ERCOT and transmission service providers to prioritize the interconnection of dispatchable generation at transmission voltage. As a matter of procedure, I do not believe we need a formal order to proceed in this matter. Instead, we should direct ERCOT to prioritize interconnections in the following manner:

- First, non-inverter-based dispatchable resources,
- Second, inverter-based resources, or projects co-located with inverter-based resources, that may be dispatched for 2 or more hours and have a minimum capacity of 10 MW,
- Third, all other resources.

I would ask ERCOT to update Section 5 of the ERCOT Planning Guide accordingly. I would not, however, ask ERCOT to change any of its existing internal timelines or deadlines for the interconnection process.

For transmission service providers, cities, and co-ops, I believe that we should direct them to endeavor to enact similar changes in their interconnection process to improve interconnection time for dispatchable resources. To be clear: this process of prioritization does not seek to refuse access to any project or violate the spirit of open access. I would largely leave the specifics of implementation to ERCOT and the TSPs, cities, and co-ops but I would ask that a system of prioritization be initiated by January 1, 2022. As this process is initiated, if any entities experience new interconnection issues, please keep the Commission informed. My intention is for ERCOT to continue as one of the most efficient markets for generation interconnection.

Finally, for all parties in the interconnection process, I would ask that existing projects be grandfathered-in and that no project could be deprioritized once it has a signed interconnection agreement.

I look forward to discussing this matter with you at the next open meeting.